

BRIEFING BOOK

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JANUARY 2019 UPDATE

# REVIVING PASSENGER RAIL ALONG AMERICA'S GULF COAST



SOUTHERN RAIL COMMISSION

# PASSENGER RAIL MISSING BETWEEN NEW ORLEANS AND JACKSONVILLE



# GULF COAST PASSENGER RAIL ROUTE



# REVIVE PASSENGER RAIL SERVICE ON THE GULF COAST

The Gulf Coast had passenger rail service from 1894 to 2005. However, since Hurricane Katrina, the region has gone without any passenger rail service and its absence is exacting a price on the communities once served. ***It is time to revive passenger rail service on the Gulf Coast.***

➤ ➤ ➤ **OUR ASK:** ***Support Amtrak's national network of long distance and state supported routes and support two critical federal grant programs, Consolidated Rail Infrastructure and Safety Improvements (CRISI) and Restoration and Enhancement (R&E) Grants*** - Amtrak's national network provides essential service to communities across the country, linking people to jobs, opportunity, and recreation. This service relies on federal support for maintenance and operations. The CRISI and R&E programs ensure that Amtrak and local communities have the resources necessary to expand passenger rail service.

## BACKGROUND

After Katrina, **Congress created** the Gulf Coast Working Group to determine a path forward for passenger rail service in the region. The group included the Federal Railroad Administration (FRA), the SRC, and elected officials and business leaders from the Gulf. In 2015, Congress created new federal rail programs with set asides to restore passenger rail service in the Gulf: the CRISI program and the R&E program. **CRISI can fund the capital improvements necessary to restart service and R&E can cover most operating expenses for the first three years for the restored service.**

In 2018, FRA issued notices of funding opportunities (NOFO) for FY17 and FY18 funding for the CRISI program and for FY17 funding for the R&E programs. The **SRC submitted a grant application** in May 2018 for FY17 R&E funds and a grant application in October 2018 for FY18 CRISI funding.

The nationally recognized Trent Lott Center for Economic Development at the University of Southern Mississippi (USM) completed a study that used standard economic analyses to project the return on Mississippi's and Alabama's investment. They found that the \$13.94 million investment by Mississippi would yield an annual benefit of \$282.58 million, assuming a 10 percent rise in tourism and Alabama's investment of \$5.56 million would yield an annual benefit estimated at \$130 million. In other words, this economic development opportunity could provide upwards of a **15:1 return on Mississippi's investment and more than a 22:1 for Alabama's investment.** Very few economic development projects have this type of return on investment.

## COSTS

- Total Infrastructure Improvement Costs: \$50.91 million.
- Mississippi is expected to contribute \$13.94 million.
- Alabama is expected to contribute \$2.78 million.
- Louisiana is expected to contribute \$6.45 million through existing federal funds and not seek them through a CRISI application.
- Federal government is expected to contribute \$22.23 million through CRISI.
- Amtrak has agreed to contribute roughly \$6 million toward infrastructure improvements.

## OPERATING COSTS

- The SRC has submitted an application for a R&E grant to offset the estimated \$6.97 million in net operating cost annually. In addition, Amtrak has agreed to help cover some of that operating cost. The states would split equally the amount that the R&E grant and Amtrak won't cover.
- Most of the necessary matching funds for 3 years of R&E grants have been committed by the States already, indicating a robust commitment by them to this project.
- Recently instituted state supported trains like the Lynchburg, Virginia service have seen ridership above projections and have not required any state subsidy for operating support.

## BENEFITS

- Two daily trains operating during daytime business hours connecting New Orleans with the Gulf and the City of Mobile
- Links visitors, employees and state residents to Gulf casinos, military bases, historic sites, tourist attractions and colleges
- Unique service that is customized to reflect the uniqueness of the Gulf Coast
- Newly renovated center city passenger rail stations that can incentivize new development
- Additional evacuation route for a region that sees a lot of natural disasters.

## WHO WILL USE IT

- Anyone who wants access to the Gulf Coast jobs and tourism events and sites, including casinos, festivals and cruise terminals.
- Businesses or Employees- a new transportation option that repositions the Gulf Coast region as a destination and employment center for millennials.
- Residents in search of a faster, reliable transportation option for evacuation.
- Aging Gulf Coast population



# DRAFT SUPPORT LETTER

[DATE]

The Honorable Elaine L. Chao  
U.S. Department of Transportation  
1200 New Jersey Avenue  
Washington, DC 20590

The Honorable Ronald Batory  
Federal Railroad Administration  
1200 New Jersey Avenue  
Washington, DC 20590

Dear Secretary Chao and Administrator Batory:

I write to convey my strong support for restoring passenger rail service along the Gulf Coast. Restoring this service is critical to the economic recovery, and future economic growth, of the Gulf Coast communities I represent. To achieve this important goal, the Southern Rail Commission (SRC) has applied for two critical federal grants. Specifically, the SRC seeks \$32,995,516 in FY2018 Consolidated Rail Infrastructure and Safety Improvements (CRISI) funding from the Federal Railroad Administration (FRA) – matched by \$32,995,516 from Amtrak, the City of Mobile, State of Mississippi, Mississippi Department of Transportation, Jackson County Port Authority, and private sources – to re-establish a passenger route between New Orleans and Mobile, as well as complete the environmental assessment between Baton Rouge and New Orleans. The SRC has also submitted an application for approximately \$4.80 million in FY17 Restoration and Enhancement (R&E) program funding to provide operating support for this restored service. I am pleased to support each of these applications and ask that you give them your full consideration.

As you may know, the Gulf Coast had passenger rail service from 1894 until 2005. However, since Hurricane Katrina, the region has gone without any passenger rail service and its absence continues to hurt the communities once served. Working in a bipartisan manner, Senator Thad Cochran and other members of the Gulf Coast delegation created the Gulf Coast Working Group (GCWG) in 2015 to determine a path forward for passenger rail service in the region.

The Gulf Coast Working Group includes the Federal Railroad Administration (FRA), Amtrak, the host railroad, the SRC, and elected officials and business leaders from the Gulf Coast. The GCWG final report, released on July 17, 2017, identified one service option as a daily business train, making two round trips a day, between New Orleans, Louisiana to Mobile, Alabama that links Mississippi coastal cities. The report identified the capital costs and operating costs to restore this level of service and potential sources of federal funding to cover the projected costs of restoration. The segment that would be restored under this proposal would be New Orleans to Mobile. Several key capital improvements were identified as needed to implement a viable service. The States and local communities, along with the SRC have been working diligently to identify local funding sources necessary to secure the federal funding to restore this crucial service.

Thanks to the leadership of former Senator Cochran and the Gulf Coast Delegation, Congress demonstrated its strong commitment to improving passenger rail by appropriating \$593 million for the CRISI program in FY18 and furthermore specifically setting aside \$35 million of that \$593 million for restoring or initiating passenger rail service. Congress additionally directed USDOT in the FY18 THUD Appropriations Report to prioritize funding for the restoration of rail along the Gulf Coast:



“The (Appropriations) Committee expects Amtrak, SRC, and the gulf coast region to seek funding through these programs for the preferred routes and encourages the Secretary to prioritize funding provided by this Committee for these routes” (Page 74, Senate THUD Appropriations Report)<sup>1</sup>.

With CRISI funds, the SRC will work with the States of Mississippi and Alabama to make the necessary capital improvements to reestablish passenger rail service between New Orleans, Louisiana and Mobile, Alabama. A study completed in April 2018 by the nationally recognized Trent Lott Center at the University of Southern Mississippi, in partnership with the University of Southern Alabama, has determined restored improved passenger rail service is a critical component of the continued economic recovery of our communities devastated by Hurricane Katrina. The Trent Lott Center study found that restoring improved passenger rail service along the Gulf Coast would provide profound economic benefits, enhance corridor mobility and safety, and allow for safer and more efficient hurricane evacuations for those who live and work in the region by providing a daily passenger service that is business and tourism friendly.

A commitment from the Federal Government will be matched by substantial commitments by other parties including, the Mississippi Department of Transportation, the Jackson County Port Authority, Amtrak, the State of Mississippi and the City of Mobile, Alabama. These funding commitments demonstrate broad support and a comprehensive partnership between federal, state and local entities.

An R&E grant would help facilitate the restoration of passenger rail along the Gulf Coast by ensuring the passenger rail service has sufficient time to increase ridership and revenue and integrate itself into the fabric of the communities it will serve. Historically, state supported passenger trains had 100% of their operating expenses covered by the federal government. An R&E grant to offset some of the operating expenses for the Gulf Coast passenger rail service would be consistent with this historical practice and lower the financial burden initially to the states of operating the train while the states work with local and private partners to raise ridership and revenue. The SRC’s FY17 R&E application is matched by robust funding commitments from the States.

Ever since the demise of passenger rail service because of Hurricane Katrina in 2005, the Gulf Coast and its citizens have dreamed of a day with restored passenger service along the Gulf Coast. A federal CRISI award would go a long way toward making that dream a reality.

For these reasons I am writing in strong support of the SRC’s application for FY18 CRISI funds.

Sincerely,

Name  
Member of Congress/US Senator  
State/Congressional District

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<sup>1</sup> U.S. Congress, Senate, Committee on Appropriations, Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2018: Report (to Accompany S. 1655), 115th Cong., 1st sess., 2017, S. Rep. 115-138, pg. 74, <https://www.congress.gov/congressional-report/115th-congress/senate-report/138/1>



# FREQUENTLY ASKED QUESTIONS

**Q: What is the benefit of this project to those who live outside of the Gulf Coast Region?**

**A:** This restored service would expand opportunities for passenger rail travel for all Americans, by connecting to existing routes which serve New York and Chicago and points in between. The route would also provide new tourism opportunities for those visiting New Orleans and Mobile. Finally, the route would benefit the economy of the Gulf Coast which is beneficial for the overall national economy.

**Q: How does this project tie into the existing national rail network?**

**A:** The restored service would connect in New Orleans with two existing routes, the City of New Orleans which runs from Chicago to New Orleans and the Crescent which runs from New York City to New Orleans. Both routes serve dozens of points in between as well as provide connections to other routes.

**Q: How long is the right-of-way that will be restored and who owns it?**

**A:** The right-of-way extends from Mobile to New Orleans and includes 138 miles of track. CSX owns most of the right-of-way and paid for the restoral of the track right-of-way following Hurricane Katrina, but passenger rail was not restored.

**Q: What are the capital improvements that need to occur to make restoral of service on the Gulf Coast possible and how much will they cost?**

**A:** As part of the Gulf Coast Working Group final report submitted to Congress in July 2017, the Federal Railroad Administration (FRA) did its own study of the infrastructure improvements necessary to restore service and the costs associated with those improvements. FRA found that the type of improvements necessary to restore a good service are lengthening existing sidings and adding new sidings, building bypass tracks around rail yards, and upgrading switches to permit higher speeds. Notably, FRA did not find that any double tracking was needed to restore a good service. The Southern Rail Commission is prioritizing the most important capital improvements of the ones FRA listed and those collective cost around \$50 million.

**Q: Who would operate the service?**

**A:** Amtrak would be the operator of the service, though the Southern Rail Commission would oversee Amtrak and ensure that the service fits what the Southern Rail Commission and the three states want. At the appropriate time, the Southern Rail Commission will negotiate an operating agreement with Amtrak.

**Q: When would construction begin and when would the first train be put into service?**

**A:** Rail service would be initially restored between New Orleans and Mobile with two trains per day. It is possible to add additional trains based upon ridership demand. Work would begin shortly after the FRA awards its CRISI and R&E grants in the early spring of 2019, assuming the Southern Rail Commission receives the funding it asked for. Initial rail service would likely begin in 2021.



**Q: What cities would be served by new passenger rail service?**

**A:** The rail service would begin at New Orleans and make four stops in Mississippi at 1) Bay St. Louis, 2) Biloxi, Gulfport, Pascagoula and terminate in Mobile, Alabama.

**Q: What is the Southern Rail Commission?**

**A:** The Southern Rail Commission is the only multi-state rail compact created by the U.S. Congress and currently consists of the States of Alabama, Louisiana and Mississippi. Since its creation by Congress in 1982, the SRC has worked to expand passenger rail service across the South, and for the past five years this has included restoring rail service along the Gulf Coast. The Southern Rail Commission promotes the safe, reliable and efficient movement of people and goods to enhance economic development along rail corridors; provide transportation choices; and facilitate emergency evacuation routes in Mississippi, Alabama, and Louisiana.

Membership consists of the Governor of each member-state, a representative from each State's Department of Transportation, and five citizen members appointed by the respective Governors. There is an executive committee, which lead the day to day activities of the SRC and is made up of one member from each state.

**Q: Who are the members of the Southern Rail Commission?**

**A: Mississippi**

Ashley Edwards  
Kay Kell  
Melinda McGrath  
Jack Norris  
Alice Perry  
**Knox Ross Vice-Chairman of SRC**  
Patrick Sullivan

**Alabama**

Anita Archie  
Corbett "Toby" Bennington  
**Wiley Blankenship-Secretary-Treasurer of SRC**  
David Clark  
Dr. Stephen McNair  
John Clyde Riggs

**Louisiana**

Representative Steve Carter  
Tommy Clark  
Phil Jones  
Speaker Pro Tempore Walt Leger III  
**John Spain-Chairman of SRC**  
D. Jerome Wall III  
Shawn Wilson (Governor's Designee)  
Roy Woodruff



# RESTORATION AND ENHANCEMENT GRANTS SUMMARY

**The R&E Grants program provides federal support for operating costs** for the first three years for new or enhanced passenger rail service.

This program reflects the fact that historically, new passenger rail service was subsidized until it could build brand awareness and become financially sustainable.

The R&E Grants program funds a service's net operating costs up to:

**80%**



IN YEAR ONE

**60%**



IN YEAR TWO

**40%**



IN YEAR THREE





SOUTHERN RAIL COMMISSION

**Y'ALL ABOARD.**

